



PUBLIC NOTICE

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DA 03-809
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DOMESTIC SECTION 214 APPLICATION FILED FOR TRANSFER OF CONTROL OF ADVANCED TELCOM, INC., AND SHARED COMMUNICATIONS SERVICES, INC. TO VFS FINANCING, INC.

STREAMLINED PLEADING CYCLE ESTABLISHED

WC Docket No. 03-63

On March 7, 2003, Advanced TelCom Group, Inc. ("ATGI"), Advanced TelCom, Inc. ("ATG"), Shared Communications Services, Inc. ("SCS") and VFS Financing, Inc. ("VFS") (collectively, the "Applicants"), filed an application pursuant to section 63.04 of the Commission's rules,¹ for consent to transfer to VFS control of ATG, a wholly-owned subsidiary of ATGI, and SCS, a wholly-owned subsidiary of ATG.

Applicants assert that this transaction is entitled to presumptive streamlined treatment pursuant to section 63.03(b)(2)(i), of the Commission's rules because ATG and SCS would have a market share in the interstate, interexchange market of less than 10 percent, they will provide competitive telephone exchange services or exchange access services (if at all) exclusively in geographic areas served by a dominant local exchange carrier that is not a party to this transaction, and none of the Applicants is dominant with respect to any service. Additionally, the transferee, VFS, is not a telecommunications provider.*

ATG provides interstate and intrastate long distance, and local telephone service to business customers, home based businesses and telecommuters in California, Nevada, Oregon, and Washington. ATG also provides Internet access and data services, including high-speed DSL technology and other enhanced data services. SCS provides interexchange and local telecommunications services to customers in Nevada, Oregon and Washington, and resold interexchange telecommunications services to customers in over twenty states. VFS is an indirect wholly-owned subsidiary of General Electric Company. The principal business of VFS is the leasing and financing of commercial equipment. General Electric Capital Corporation (GECC), an intermediate subsidiary, provides financial and equipment management services.

¹ 47 C.F.R. § 63.04; see 47 U.S.C. § 214.

See 47 C.F.R. § 63.03(b)(1)(ii).

On May 2, 2003, ATGI, ATG, and SCS filed for bankruptcy law protection under Chapter 11 of the United States Bankruptcy Code in the U.S. Bankruptcy Court for the Northern District of California, Santa Rosa Division (the “Bankruptcy Court”). ATG and SCS initially elected to auction off their assets, and on June 21, 2002, the Bankruptcy Court approved the sale to GE Business Productivity Solutions, Inc. (“GEBPS”), a wholly-owned subsidiary of GECC, of certain assets of ATG and SCS, pursuant to the Bankruptcy Code and subject to the terms and conditions of an Asset Purchase Agreement and certain other agreements (the “Asset Transfer”).³ Consequently, on September 4, 2002, GEBPS, ATG and SCS filed with the Commission an application for approval of the Asset Transfer, and on October 22, 2002, the Asset Transfer was approved by the Commission.⁴

The Applicants have not yet completed the Asset Transfer. Since the Commission’s approval of the Asset Transfer, ATGI, ATG and SCS met with GEBPS, GECC, and some of their affiliates to reconsider whether a different plan might be of even greater benefit to the parties. As a result of their discussions, the Applicants now intend to consummate a transaction whereby ownership and control of ATGI, ATG, and SCS will be transferred to VFS, an indirect subsidiary of GECC, through the issuance of new common stock to VFS.

Specifically, pursuant to a plan of reorganization submitted to the Bankruptcy Court for approval on January 21, 2003, and an amended plan of reorganization submitted to the Bankruptcy Court in February 2003, ATGI would cancel all of its existing capital stock, both common and preferred, and VFS would receive all of the newly-issued ATGI voting capital stock in exchange for and in satisfaction of the existing senior-secured debt claims of GECC, or one of its affiliates, against ATGI. In addition, under this plan, GEBPS, an affiliate of VFS and wholly-owned subsidiary of GECC, would purchase new debt instruments from ATGI.

Applicants state that the proposed transfer of control would result in public interest benefits by allowing a facilities-based, competitive local exchange carrier to remain a valuable competitor in the market for telecommunications services, and by permitting two competitive providers of interexchange service to continue their current operations. Specifically, Applicants state that the proposed transaction would place ATG and SCS on firm financial footing and would thereby preserve and strengthen competition in domestic telecommunication markets. Applicants further state that the proposed transaction does not involve any change in carriers providing telecommunications services to customers, or any change in the rates, terms and conditions of service, and thus will be transparent to the current customers of **ATG** and **SCS**.

³ See Orders *dated* June 21, 2002 of the United States Bankruptcy Court for the Northern District of California in certain consolidated Chapter 11 reorganization proceedings (Case No. 02-1 1073) **under** 11 U.S.C. §§101 et seq.

⁴ See WC **Docket** No. 02-279,

GENERAL INFORMATION

The transfer of assets application identified herein has been found, upon initial review, to be acceptable for filing as a streamlined application. The Commission reserves the right to return any transfer of assets application if, upon further examination, it is determined to be defective and not in conformance with the Commission's rules and policies. Interested parties may file **comments within 14 days** and **reply comments within 21 days** of this notice.⁵ Unless otherwise notified by the Commission, an applicant is permitted to transfer control of the domestic lines or authorization to operate on the 31st day after the date of this notice.⁶ Comments may be filed using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies. *See Electronic Filing of Documents in Rulemaking Proceedings*, 63 Fed. Reg. 24121 (1998).

Comments filed through the ECFS can be sent as an electronic file via the Internet to <<http://www.fcc.gov/e-file/ecfs.html>>. Generally, only one copy of ~~an~~ electronic submission must be filed. If multiple docket or rulemaking numbers appear in the caption of this proceeding, however, commenters must transmit one electronic copy of the comments to each docket or rulemaking number referenced in the caption. In completing the transmittal screen, commenters should include their full name, U.S. Postal Service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic comment by Internet e-mail. To get filing instructions for e-mail comments, commenters should send an e-mail to ecfs@fcc.gov, and should include the following words in the body of the message, "get form <your e-mail address>." A sample form and directions will be sent in reply.

Parties who choose to file by paper must file an original and four copies of each filing. If more than one docket or rulemaking number appear in the caption of this proceeding, commenters must submit two additional copies for each additional docket or rulemaking number. Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (although we continue to experience delays in receiving U.S. Postal Service mail). The Commission's contractor, Vistrionix, Inc., will receive hand-delivered or messenger-delivered paper filings for the Commission's Secretary at 236 Massachusetts Avenue, N.E., Suite 110, Washington, D.C. 20002. The filing hours at this location are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed of before entering the building. Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743. U.S. Postal Service first-class mail, Express Mail, and Priority Mail should be addressed to 445 12th Street, SW, Washington, D.C. 20554. **All** filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

⁵ See 47 C.F.R. § 63.03(a).

⁶ Such authorization is conditioned upon receipt ~~of~~ any other necessary approvals ~~from~~ the Commission in connection **with** the proposed transaction.

In addition, one copy **of** each pleading **must** be sent **to** each **of** the **following**:

- (1) the Commission's duplicating contractor, Qualex International, **445 12th Street, S.W., Room CY-B402**, Washington, D.C. **20554**; e-mail: qualexint@aol.com; facsimile: **(202) 863-2898**; phone: **(202) 863-2893**.
- (2) Tracey Wilson, Competition Policy Division, Wireline Competition Bureau, **445 12th Street, S.W., Room 5-C437**, Washington, D.C. **20554**; e-mail: twilson@fcc.gov, and
- (3) Dennis Johnson, Competition Policy Division, Wireline Competition Bureau, **445 12th Street, S.W., Room 6-A461**, Washington, D.C. **20554**; e-mail: dcjohnso@fcc.gov, and
- (4) William Dever, Competition Policy Division, Wireline Competition Bureau, **445 12th Street, S.W., Room 5-C266**, Washington, D.C. **20554**; e-mail: wdever@fcc.gov; and
- (5) Imani Ellis-Cheek, Telecommunications Division, International Bureau, **445 12th Street, S.W., Room 6-A739**, Washington, D.C. **20554**; email: ielis@fcc.gov; and
- (6) Nandan Joshi, Office of General Counsel, **445 12th Street, S.W., Room 8-A820**, Washington, D.C. **20554**; e-mail: jjjoshi@fcc.gov.

Filings and comments are also available for public inspection and copying during regular business hours at the FCC Reference Information Center, Portals II, 445 12th Street, SW, Room CY-A257, Washington, DC, 20554. They may also be purchased from the Commission's duplicating contractor, Qualex International, Portals II, 445 12th Street, SW, Room CY-B402, Washington, DC, 20554, telephone 202-863-2893, facsimile 202-863-2898, or via e-mail qualexint@aol.com.

For further information, please contact Tracey Wilson, at (202) 418-1394, Dennis Johnson (202) 418-0809, or William Dever, Competition Policy, Wireline Competition Bureau at (202) 418-1578.

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